

**REAL ESTATE APPRAISERS BOARD MEETING
MINUTES
MADISON, WI
AUGUST 22, 2001**

PRESENT: Paul "Rick" Vozar, LaMarr Franklin, Patrick Buckett,
Mary Reavey (teleconference-left at 10:55 a.m.), Lill Hauschild

EXCUSED: Gary Cuskey,

STAFF PRESENT: Katharine Hildebrand, Grace Schwingel,
Ruby Jefferson-Moore

GUESTS: Deborah Conrad, Wisconsin Realtors Association (WRA)

CALL TO ORDER

MOTION: Rick Vozar called the meeting to order at 9:40 a.m. A quorum of 5 members was present.

AGENDA

Katharine Hildebrand noted that agenda item #10 a., ii. should be changed and listed as agenda item #10 b.

MOTION: Patrick Buckett moved, seconded by LaMarr Franklin, to approve the agenda as amended. Motion passed unanimously.

MINUTES (6/27/01)

MOTION: LaMarr Franklin moved, seconded by Patrick Buckett, to approve the minutes as published. Motion carried unanimously.

ADMINISTRATIVE REPORT

Katharine Hildebrand, Bureau Director

- **Roster**

Katharine Hildebrand advised the Board that today will be the last meeting that Mary Reavey and Lill Hauschild will be attending. The Governor's office has appointed Mark P. Kowbel from Racine, WI, to fill an interim term to expire May 1, 2004, in the licensed appraiser position on the Board. He will replace Lill Hauschild. Sharon R. Fiedler from Neenah, WI, has also been appointed to fill an interim term in the assessor position on the Board that will expire May 1, 2003. She will replace Mary Reavey. LaMarr J. Franklin from Glendale, WI, was reappointed to another four-year term that will expire on May 1, 2005.

- **2001 Meeting Dates**

Patrick Buckett will be out of the country and will not be available to attend the October 31st meeting.

- **Revised Travel Reimbursement Guidelines**

Noted.

- **10/01 Regulatory Digest Draft**

Items to include in the Regulatory Digest:

- 2002 meeting dates
- Licensing statistics

- **Summary Reports on Pending Court Cases, Disciplinary Cases and Administrative Rules**

Noted

- **To-Pass Folder**

The Board would like to continue having the To-Pass Folder circulated during Board meetings.

BOARD MEMBER ACTIVITY

None.

PRACTICE ISSUES

Over-Valuation

Over-Valuation needs to be defined so that it can be determined whether fraud is involved when a property is appraised for more than the market value. If special financing is needed by the seller, such as 100% financing, any fees that might be included should be removed. When 100% financing is provided, that information should be disclosed. In the market data approach which includes a statement of data sources and verification, such verification is needed to find out what went into the final sale price. "Inaccurate Valuations" might be a more accurate term because "Under-Valuation" is a problem, as well. However, it was noted that if an appraiser has a pattern of coming in with too low an evaluation, that appraiser will soon go out of business. In an inflationary market, the market buries the appraiser's mistakes. But when the market is either stable, or starts to go down a bit, that's when the mistakes of over-valuing a property come to the surface and become evident, causing significant problems. The problem with over-valuation is that there is no good way to deal with it.

Property Flipping

The Board noted the Milwaukee Journal Sentinel article, entitled: "Council moves to curb 'flipping' of properties."

LEGISLATIVE ISSUES

Milwaukee Common Council-Resolution re: Regulation of Real Estate Appraisers

The Board reviewed the May 21, 2001 letter from the Georgia Real Estate Appraisers Board to Congressman Thomas Barrett, dealing with ways to combat loan flipping and improve state oversight of residential real estate appraisers. There was some discussion on the upcoming bill that Senator Gwen Moore is going to draft. The Department will wait to take a stand on this issue until the Department sees the specific language in the bill. There had been an effort in the past to reduce the barriers that would hinder people from practicing their professions. However, the Board continues to be in favor of mandatory licensing and certification of real estate appraisers in the state of Wisconsin because without that, there is no way to discipline a person. Katharine Hildebrand will fax copies of the bill to Board members as soon as the Department receives it. Ruby Jefferson-Moore, Legal Counsel, spoke with Senator Moore's assistant and referred to the exemptions in the statute for certain individuals. Ms. Jefferson-Moore recommended that Senator Moore look at whether or not anyone who conducts an appraisal is required to be licensed or certified, including real estate brokers and some individuals who work with lenders. The Board discussed other concerns regarding issues that would need to be addressed in the proposed legislation. The national trend is to move towards mandatory licensing of appraisers.

ADMINISTRATIVE RULES

Revisions to RL 80-87, Code

Jefferson-Moore reviewed the steps that need to be taken in processing the draft of the proposed revisions to chs. RL 80-87, Code.

Revisions to ch. RL87, Appendix I - 2001 and 2002 Edition of USPAP

Jefferson-Moore indicated that the Department has decided to use a procedure in ch. 227 which will permit the Department to, at least initially, bypass a public hearing. Unless the required number of persons request a public hearing, there will not be a public hearing. This will speed up the process and, possibly, have the rule effective as of January 1, 2002.

Wisconsin Realtor's Association Comments re: Revisions to ch. RL 80-87 and Adoption of the 2001 Edition of USPAP

Comments noted.

Jefferson-Moore requested the Board to designate Rick Vozar as the person who will act on behalf of the Board between meetings.

MOTION: LaMarr Franklin moved, seconded by Patrick Buckett, the Board's desire to request that Rick Vozar act on behalf of the Board between meetings to keep the rule-making process on track. Motion carried unanimously.

APPRAISAL SUBCOMMITTEE

Noted.

APPRAISAL FOUNDATION

Appraisal Standards Board

Noted.

Appraisal Qualification Board - Discussion Draft on Revising Criteria

The Board reviewed the questions related to education submitted by the Appraiser Qualifications Board (AQB).

MOTION: LaMarr Franklin moved, seconded by Lill Hauschild, to direct the Department to write a letter to the Appraiser Qualifications Board to answer concerns raised by other states in a manner similar to the responses given to AARO and to send AARO a copy of the Department's response. Motion carried unanimously.

ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

AARO Fall Conference

Katharine Hildebrand will be attending the AARO Fall Conference in Washington, D.C., October 27-30, 2001. Hildebrand said one board member would be eligible to go in addition to having the Bureau Director attend this conference.

TEMPORARY PRACTICE

It was suggested that we keep "Temporary Practice" as a separate issue on the agenda, but move it up to #7 on the agenda packet, after Practice Issues.

EXAMINATION ISSUES

Darwin indicated that the national exams are being reviewed to update the content that's in the exams. There is an indefinite time frame as to when there will be new exams with new content.

New Vendor for Licensing Examination

Our current vendor is ASI. PSI is a new vendor, effective April 2002. There will be different questions with PSI since they have a different item bank. The questions from both vendors have been reviewed and approved by the Appraisal Foundation. ASI's bid for the exam was \$110. PSI's bid for the exam was \$80. Tichenor will work with Hildebrand to get an article in the next Regulatory Digest, introducing the new vendor.

MISCELLANEOUS CORRESPONDENCE

Noted.

NEW BUSINESS

Noted.

PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT

CONVENE TO CLOSED SESSION

MOTION: Lill Hauschild moved, seconded by LaMarr Franklin, to convene to the closed session to consider discipline of persons licensed by the board or the investigation of charges against such persons [s. 19.85(1)(b), Stats.] and, to consider individual histories or disciplinary data [s. 19.85(1)(f), Stats.] . Motion carried by a roll call vote: Rick Vozar-yes, LaMarr Franklin-yes; Patrick Buckett-yes; Lill Hauschild-yes; Mary Reavey-no; Gary Cuskey -no.

Closed session convened at 12:15 p.m.

The Board deliberated on the stipulation involving James J. Monette, and on the case summaries presented for closing.

RECONVENE INTO OPEN SESSION

MOTION: Lill Hauschild moved, seconded LaMarr Franklin, to reconvene the meeting in Open Session at 1:05 p.m. Motion carried unanimously.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION

STIPULATION

MOTION: Patrick Buckett moved, seconded by LaMarr Franklin, to accept the stipulation relating to James J. Monette, 99 APP 028, and to accept the final decision and order and stipulation as presented by DOE. Lill Hauschild, case advisor, abstained. Motion carried.

CASE CLOSINGS

MOTION: Patrick Buckett moved, seconded by Lill Hauschild, to accept the Department's findings and close 00 APP 019, for P-3. Rick Vozar, case advisor abstained. Motion carried.

MOTION: Patrick Buckett moved, seconded by Lill Hauschild, to accept the Department's findings and close 99 APP 024 and 99 APP 025, for no violation. Rick Vozar, case advisor, abstained. Motion carried.

MOTION: LaMarr Franklin moved, seconded by Patrick Buckett, to accept the Department's findings and close 98 APP 038, for P-1. Rick Vozar, case advisor, abstained. Motion carried.

MOTION: LaMarr Franklin moved, seconded by Lill Hauschild, to accept the Department's findings and close 98 APP 006, for P-1. Rick Vozar, case advisor, abstained. Motion carried.

The Board asked Legal Counsel, Jefferson-Moore, if there is any reason why the case advisors's name has to be on the case closings, stipulations, etc., discussed in closed session so that the respondents know who we are. There was some concern about the case advisor's name being

known by the respondents. Jefferson-Moore suggested discussing this issue with Henry Sanders, DOE attorney. Jefferson-Moore indicated that usually, once a stipulation is approved or a case is closed, all of that information becomes public information. So if there is any mention of a Board member's name anywhere in the investigation, that becomes public information. If a respondent calls, the public records law would require that the Department give out that information. The names of the Board members are also public information.

ADJOURNMENT

MOTION: LaMarr Franklin moved, seconded by Patrick Buckett, to adjourn the meeting at 1:00 p.m. Motion carried unanimously.

**Next Meeting
October 31, 2001**

DATE: October 30, 2001

TO: Katharine Hildebrand

FROM: Grace Schwingel

SUBJECT: Real Estate Appraisers, August 22, 2001, To Do List

1. Katharine Hildebrand will fax copies of Senator Moore's bill to board members as soon as the Department has more information on this proposed bill draft.
2. Hildebrand will need to do the analysis for RL 80-87.
3. It was suggested that we make "Temporary Practice" a separate number on the agenda, #7 on the agenda packet after Practice Issues.